REVENUE SECRETARIAT.

Floods.

READ—

Letter No. D. 1—24-25, dated the 19th December 1924, from the Revenue Commissioner in Mysore, recommending sanction to the proposal made by the Deputy Commissioner, Mysore District, for an additional allotment of Rs. 10,000 for grant of Takavi loans and also to the extension of the time limit for the grant of loans at concession rate of interest from 31st December 1924 to 31st March 1925 as ordered in para 5 of Government Order No. R. 1020-1225—R. M. 3-24-54, dated the 8th August 1924.

ORDER No. R. 3854-6—R. M. 3-24-174, DATED 5TH JANUARY 1925.

An additional allotment of Rs. 10,000 is sanctioned.

2. This will be included in the statement of emergent expenditure which will be placed before the Legislative Council at its next Session.

3. The time for grant of loans at concession rates to sufferers from floods will also be extended up to 31st March 1925 in the case of the Mysore District.

K. V. ANANTARAMAN,
Secretary to Government,
Revenue Department.

FINANCIAL SECRETARIAT.

Financial Branch.

ORDER NO. FL. 3779-838—G. F. 3-24-2, DATED 5TH JANUARY 1925.

The Department of Electrical Works is one of the most important commercial concerns owned and worked by Government, and the magnitude of its monetary transactions will be evident from the following figures taken from the estimates for the current year:—

Revenue—Receipts	..	..	Rs. 47	Lakhs.
Expenditure	..	..	„ 8	do
Capital outlay	..	..	„ 10	do
Charges met from Depreciation Fund		..	„ 6	do
Stores—Receipts	...	..	„ 12	do
Stores—Issues	..	...	„ 13	do
Total		..	„ 96	do

The total volume of annual financial operations is thus nearly a crore of rupees and with the growing demand for power the business of the Department is bound to expand further. Large Capital and Renewal works have to be carried out by the Department periodically and such works, when in progress and substantially to its financial responsibilities. The Electrical Department is the buyer and consumer of large quantities of foreign and local materials and it has accordingly to keep all the complicated accounts relating to stores. The number of lighting and power installations is already about eight thousand and the work of keeping the Demand, Collection and Balance accounts of consumers of power is thus very heavy and requires trained supervision for its proper performance. The maintenance and operation of the concern as well as the execution of Capital Revenue and Depreciation Fund works necessitate a variety of charges, calling for different methods of accounting and audit, according to their nature. In view of the magnitude and character of its financial transactions, the Department requires within itself, an organisation, capable of exercising efficient control over them, but such an organisation does not now exist.

2. Under the existing system, the audit work of the Department is highly centralised as it is conducted in the Comptroller's Office and it is practically limited to such scrutiny of expenditure as is possible on material furnished for the purpose by the Department. What little of audit in respect of Revenue there is, is relegated to local inspections made in the course of hurried visits paid by the Inspecting Assistant of the Comptroller to the Sectional Offices of the Department and nothing more than a test audit is possible during such visits. Even as regard expenditure, the work in the Comptroller's Office is confined mostly to an examination of payments after they are made and the value

of such examination, as a means for preventing the occurrence of errors and irregularities is naturally limited. What a commercial concern requires for its efficient and economical financial administration is an effective system of internal administrative audit, conducted with an intimate knowledge of its working and with better means of information than accounts and documents prepared for the inspection of an external examiner. The Chief Electrical Engineer has also to handle many problems of a financial nature and therefore, requires the help and advice of a competent assistant in dealing with them. In view of all these considerations, Government deem it necessary to form a Financial Branch within the Electrical Department as part of its controlling organisation. The principle of providing a commercial department with a separate Audit Office adapted to its needs has long been recognised in respect of Railway Administration and the arrangement now proposed is only the application of this principle to the Electrical Department.

3. The Financial Branch of the Electrical Department will be placed under an Officer of the Accounts Department who will work as an Assistant to the Chief Electrical Engineer. The duties of the Assistant will broadly be classified under the following heads:—

(i) Financial Adviser to the Chief Electrical Engineer;

(ii) Accounting Officer of the Electrical Department; and

(iii) Officer in charge of internal audit of the financial transactions of the Electrical Department.

4. In all matters relating to audit and accounts, the Officer in charge of the Financial Branch should be guided by the instructions issued by the Comptroller. If cases arise in which the Chief Electrical Engineer does not accept the recorded opinions of his Financial Assistant on points which relate to the propriety of proposed payments or which arise either in the course of central or local audit, he will issue written orders which should be carried out by the latter and all instances of this kind should be reported with the connected papers to the Comptroller by the Financial Assistant, through the Chief Electrical Engineer and it will rest with the Comptroller to take such action as he may consider necessary in respect of them, if necessary, in consultation with Government in the Finance or Administrative Departments.

5. The detailed audit of all kinds of expenditure of the Department will be conducted in the Financial Branch instead of, as hitherto, in the Comptroller's Office. The audit of revenue and receipts of the Department should form part of the normal work of the Branch. The system of audit of the several classes of payments and receipts should be on the lines settled by the Comptroller, keeping in view the requirements of the Chief Electrical Engineer for exercising an effective administrative control over the financial transactions of his Department.

6. Arrangements will be made for the submission by Treasuries to the Financial Branch of all paid bills and pass orders of the Electrical Department and particular care should be taken for safe custody of bills and vouchers while under audit as also after audit.

7. Bills of all kinds except those for petty payments made from permanent advances placed in the hands of Sectional Officers, should be pre-audited by the Financial Branch and paid by cheques.

8. The transactions not coming under central audit in the Branch should be subject to complete examination locally by the Financial Assistant. The initial accounts and registers of all the Sections as also their Registers of Revenue and Stores Accounts should undergo thorough scrutiny in the course of local inspections made by the Financial Assistant.

9. The Financial Assistant to the Chief Electrical Engineer should submit monthly to the Comptroller and audited account of the receipts and payments of the Department on the prescribed dates and also such other accounts, returns and reports, and in such form as the Comptroller may require.

10. The staff required for the Financial Branch should be found by transferring the men already employed on this work in the Offices of the Comptroller and the Chief Electrical Engineer. As the audit work will have to be done in greater detail than now, the entertainment, at a small cost, of a few additional hands may be necessary and proposals on this subject may be submitted in due course. The extra cost of the arrangement sanctioned in this order will be practically limited to the emoluments of the Gazetted Officer appointed to work as the Financial Assistant to the Chief Electrical Engineer.

11. The responsibility of the Chief Electrical Engineer in regard to the financial transactions of his department is unaffected by the formation of the new Branch which is intended only to afford him help and advice in the administration of the Department on the financial side.

12. The Comptroller should arrange for an examination of the accounts and audit work of the Financial Branch of the Department at least once a year and his examination should keep the following objects in view:—

(i) A general scrutiny to see that the work is properly performed; and

(ii) A special scrutiny to see that the scheme of appropriations sanctioned by the Legislative Council is adhered to and that points to be noticed in the Audit and Appropriation reports are brought to his notice by the Financial Assistant.

If, for any reason, the examination of the accounts kept in the Sectional Offices is considered necessary, the Comptroller will arrange to have it made by his Inspecting Staff.

M. N. KRISHNA RAO,
Financial Secretary to Government.